

Message Text

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PAGE 01 GENEVA 09407 191559Z

64

ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 AF-06 ARA-06 EA-07 NEA-10

L-03 FRB-03 OMB-01 TAR-01 SP-02 AGR-05 AID-05 CIAE-00

COME-00 INR-07 LAB-04 NSAE-00 OIC-02 SIL-01 STR-04

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E.O. 11652: NA

TAGS: ETRD UNCTAD

SUBJ: UNCTAD REVIEW OF US GSP SCHEME

REF: GENEVA 9171

1. SUMMARY. HENTGES (STR), JOHNSON (TREASURY) AND ECMIN MET INFORMALLY WITH TADIC, CHIEF OF PREFERENCES DIVISION OF MANUFACTURES DIVISION OF UNCTAD, AND COLLEAGUE, CRAIG MCPHEE, TO DISCUSS AND GIVE COMMENTS ON THE UNCTAD GSP REPORT OF 6 NOV 1975 (TD/B/C.5/38). AT MEETING UNCTAD PERSONNEL REQUESTED ADDITIONAL DATA FOR THEIR ANALYSIS OF THE SCHEME AND MADE SUGGESTIONS FOR THE MEETING OF THE SPECIAL COMMITTEE ON PREFERENCES IN JANUARY.

2. AS MENTIONED IN REFTL, GENERAL TONE OF UNCTAD STUDY WAS OF SOME CONCERN TO US REPS. AS A FOLLOW-UP TO LUNCH INITIATED BY KRISHNAMURTI (HEAD OF MANUFACTURES, UNCTAD) WITH US REPS (CULBERT, BRUNGART, AND HENTGES) WASHINGTON OFFICIALS, WHO WERE IN GENEVA IN CONNECTION UNCTAD COMMODITIES COMMITTEE MEETING, AGREED TO GO
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PAGE 02 GENEVA 09407 191559Z

OVER UNCTAD REVIEW OF GSP AND ON PERSONAL BASIS TO GIVE

BOTH GENERAL AND SPECIFIC COMMENTS. COMMENTS GIVEN EXPRESSED CONCERN OVER THE OFTEN NEGATIVE TONE AND SOMETIMES EXAGGERATED IMPLICATIONS OF THE REPORT'S CONCLUSIONS. SPECIFIC DISCUSSION FOCUSED LARGELY ON THE REPORT'S TREATMENT OF RULES OF ORIGIN AND THE COMPETITIVE NEED CRITERIA. US OFFICIALS ATTEMPTED TO CLARIFY SOME PASSAGES AND TO PROVIDE THE RATIONALE UNDERLYING THE SPECIFIC PROVISIONS OF THE TRADE ACT ON THESE POINTS. INACCURACIES WERE POINTED OUT ON THESE AND OTHER PORTIONS OF THE REPORT. JOHNSON HAD MADE SIMILAR POINTS AT A LUNCH WITH MEMBERS OF THE PREFERENCES DIVISION.

3. TADIC APPEARED GENUINELY RECEPTIVE AND ANXIOUS TO HAVE US COMMENTS WHILE AT THE SAME TIME WISHING TO REGISTER HIS OPPOSITION TO THE QUOTE RESTRICTIVE UNQUOTE PROVISIONS OF THE COMPETITIVE NEED CRITERIA AND RULES OF ORIGIN. ON POINTS OF INACCURACY OR LACK OF CLARITY IN THE REPORT, TADIC TOOK CAREFUL NOTE. HOWEVER, A REDRAFT IS NOT EXPECTED OF IT BEFORE IT IS PRESENTED FOR THE JAN MEETING. ACCORDINGLY, WE CONTINUE CONSIDER US REP SHOULD BE PREPARED TO GIVE OUR DETAILED COMMENTS ON PAPER AT JAN MEETING.

4. US REPS POINTED OUT IMPORTANCE OF THE UNCTAD DOCUMENT IN MAKING KNOWN THE US SCHEME AND THE AID IT COULD GIVE TO BENEFICIARIES IN UNDERSTANDING AND UTILIZING IT. TADIC WAS MOST EAGER TO USE THE JAN MEETING OF THE SPECIAL COMMITTEE ON PREFERENCES TO REPORT AND CLARIFY DETAILS OF THE US SCHEME. HE OFFERED TO CIRCULATE ANY MATERIALS PRIOR TO MEETING THAT THE US COULD PROVIDE (PARTICULARLY A SIMPLIFIED EXPLANATION OF RULES OF ORIGIN) AND TO HAVE A SESSION AT THE BEGINNING OF THE MEETING FOR A MORE DETAILED EXPLANATION OF THE UTILIZATION OF THE SCHEME. THIS COULD BE AN IMPORTANT OPPORTUNITY FOR THE US TO INSTRUCT BENEFICIARIES ON SOME OF THE MORE DETAILED ASPECTS OF THE SCHEME. IT IS THEREFORE HOPED THAT SOMEONE THOROUGHLY FAMILIAR WITH THE REGULATIONS AND ADMINISTRATION OF RULES OF ORIGIN WILL BE PART OF THE DELEGATION FOR AT LEAST PART OF THE PREFERENCE MEETING.

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PAGE 03 GENEVA 09407 191559Z

5. TADIC ALSO RAISED SOME POINTS ON THE NOTIFICATION OF THE US SCHEME. BOTH KRISHNAMURTI AND HE SUGGESTED THAT THE US FORMALLY NOTIFY UNCTAD OF THE IMPLEMENTATION OF ITS SCHEME AND UNCTAD IN TURN WOULD HELP INFORM COUNTRIES OF ITS IMPLEMENTATION AND OF SOME OF THE NECESSARY PRELIMINARY PROCEDURES. HE POINTED OUT THAT A NUMBER OF BENEFICIARIES HAVE ALREADY NOTIFIED UNCTAD OF THE APPROPRIATE OFFICIAL FOR AUTHORIZING

CERTIFICATES OF ORIGIN. HE ASKED WHETHER UNCTAD MIGHT TRANSMIT THESE NOTIFICATIONS TO THE USG IN LIEU OF INDIVIDUAL COUNTRY'S DIRECT NOTIFICATION TO THE USG. BEING AWARE THAT POSTS ARE HANDLING BOTH MATTERS, UNCTAD WOULD SERVE AS A SUPPLEMENTARY CHANNEL.

6. AS A FURTHER AID TO THEIR ANALYSIS, TADIC AND MCPHEE WERE ANXIOUS TO RECEIVE THE 1974 TRADE DATA ON WHICH EXCLUSIONS ON COMPETITIVE NEED CRITERIA WERE DETERMINED. THEY DID NOT SEEM TO BE CLEAR AS TO WHEN THESE WOULD BE AVAILABLE AND OFFERED TO MAKE BLANK TAPES AVAILABLE. MTN DEL (MCNAMARA) SAID THEY WILL BE MADE AVAILABLE WHEN THEY ARE GIVEN TO GATT SECRETARIAT. POST WILL INFORM. THEY ALSO WISH TO HAVE A BREAKDOWN BY NAME OF THE TERRITORIES GROUPED ON THE TAPES (E.G., FRENCH TERRITORIES, PACIFIC TERRITORIES).

7. ACTION REQUESTED:(1) WE SEE MERIT IN US OFFICIALLY NOTIFYING UNCTAD OF INSTITUTION OF OUR SCHEME, AND INCLUDING IN NOTIFICATION POINTS WHY WE CONSIDER IT WILL BE OF OUTSTANDING BENEFIT TO LDCS. PLEASE FURNISH TEXT FOR DELIVERY EARLY JAN. IT COULD BE SIGNED AMB DALE OR HIGH WASHINGTON OFFICIAL. ADVISE. (2) INFORM POST WHETHER BENEFICIARY COUNTRY NOTIFICATION TO THE US OF APPROPRIATE AUTHORITY FOR CERTIFICATES OF ORIGIN CAN BE DONE THROUGH UNCTAD (AS APPARENTLY DONE FOR OTHER SCHEMES). ALSO CLARIFY WHETHER NOTIFICATION OF APPROPRIATE AUTHORITY IS SUFFICIENT OR IS SAMPLE OF SIGNATURE IS NEEDED AS WELL. DALE

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